Agricorp®

An agency of the Government of Ontario

2016-19 Business Plan

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Executive summary

As an agency of the Government of Ontario, Agricorp's mandate is to deliver programs and services that help Ontario's producers manage their agricultural risk. Agricorp's vision is "To be a versatile, customer-focused organization that works with partners to innovatively deliver programs and services that enhance the vitality of Ontario agriculture." This three-year business plan outlines the agency's focus on keeping its commitments under federal and provincial agreements and on delivering programs efficiently, with attention to quality and customer service.

Agency highlights

Agricorp's core business is delivering business risk management programs to Ontario's agri-food industry on behalf of the federal and provincial governments. The agency also delivers services to support the industry on behalf of producer organizations. In doing so, Agricorp's ongoing challenge is to carefully balance the need to deliver programs in a manner that both meets and manages producer expectations, while maintaining effective and efficient operations aligned with government expectations and priorities.

To deliver on its mandate, Agricorp has:

- A comprehensive suite of business risk management programs designed for the needs of Ontario producers
- A culture of continuous improvement and collaboration with governments and stakeholders
- A governance model that enables effective stewardship of government resources, with processes and structures that include a risk assessment that informs strategy, robust audit plans, and rigorous controls and compliance with legislation and directives
- The expertise, capabilities and in-depth knowledge to deliver programs and services effectively and responsibly
- The skills, competence and confidence to respond efficiently to industry and program change
- Transparent reporting practices that ensure performance is monitored and measured, targeted results are achieved, and risks are identified and managed.

Where we have been

Agricorp has been implementing a strategy focused on incremental improvements to customer service and delivery efficiency. Operating in an environment of fiscal constraint, the organization has been transforming its delivery through measured steps over time.

The agency has realized efficiencies through the creation of more streamlined processes, lower administrative costs, better use of technology and ongoing cost reduction strategies, without compromising gains in customer service or quality. This work was validated by benchmarking completed by KPMG in 2013, which concluded that "Agricorp is performing similar to or better than its comparators for all indicators measured. Overall, Agricorp is balancing efficiency with effectiveness well to provide value for money relative to other agriculture business risk management organizations." The focus on making improvements to customer service is evident in the results of the annual customer satisfaction survey. From 2008 to 2011, the agency's customer satisfaction ratings steadily increased, and for the past five years, 2012 to 2016, Agricorp has maintained high customer satisfaction scores.

By standardizing processes and aligning our organizational structure to support these processes, the agency strengthened the foundation from which to improve its information technology systems. Federal and provincial funding from 2012 to 2014 allowed Agricorp to

implement phase one of a multi-phased system replacement strategy, the agency's IT Renewal Plan. Phase one enabled Agricorp to fully support government priorities such as implementing new debt recovery practices, delivering the Beekeepers Financial Assistance Program and programs under the Ontario Wine and Grape Strategy, and improving online services for Ontario producers.

In recent years discretionary program changes were cut back, and communications with industry reflected these expectations. Although the number of industry requests for program enhancements continues to exceed Agricorp's capacity, a small number have been implemented. Agricorp has also improved how it works with OMAFRA through our coordinated response to mandated program changes and the introduction of new programs. Agricorp is ready to deliver additional programs and will continue to focus on high priority program enhancements and mandated program changes to existing programs over the next three years.

Our environment

The Growing Forward 2 policy framework, in place through to March 2018, is the foundation for government agricultural programs and services. It commits governments to a suite of stable programs that help producers manage risk. Growing Forward 2 introduced program design changes including a reduced coverage level for AgriStability. At the same time, the Ontario government announced the continuation of the Risk Management Program, with $100 million in funding each year. While these changes reduce costs to government, savings in administrative costs will be determined over time as Agricorp adjusts delivery processes to align with program design changes.

Governments face challenges to improve public services while containing or reducing expenditures. The Ontario government is committed to a balanced budget by 2017-18 while implementing initiatives to transform public service delivery by providing better, smarter and faster public services. These initiatives and variables, such as rapid changes in technology and increased accountability and transparency for agencies, have significant operational impacts on Agricorp.

Recognizing the fiscal climate and current and future business needs and priorities, Agricorp reduced the size of its workforce in 2014, while simultaneously taking steps to redesign processes to reduce work and improve efficiency without affecting a minimum acceptable level of quality. This approach was part of a multi-year plan to enable Agricorp to continue to operate efficiently and maintain service levels with reduced administrative funding. To date, the agency has been successful in maintaining current quality and customer service levels, but there has been significant loss of capacity and flexibility to respond quickly to government and industry needs and initiatives.

For 2015-16, the provincial portion of Agricorp's administrative funding was reduced by three per cent. This reduction triggered a parallel decrease in federal funding. The agency forecasts similar funding for 2016-17 and the following two years, with no upward adjustments for inflation.

Through careful management of priorities over several years, Agricorp has successfully designed and implemented new business processes and foundational IT systems. The agency improved customer service levels while operating with fixed funding – and more recently with reduced funding – while off-setting inflationary cost pressures. With a reduced administrative budget and continued inflationary cost pressures, the ability to find additional cost savings is very limited. Any expectation for the agency to find additional material savings will result in significant operational impacts and affect front-line services to customers.

Plan highlights – the next three years

Agricorp is implementing a strategy that maintains current levels of service and leverages the agency's expertise and infrastructure to support government priorities and further achieve economies of scale.

The three directional themes are:

- Efficient and effective operations that continue to demonstrate value for money
- Making it easier to do business with Agricorp by improving processes, structures and systems
- Ready to deliver additional programs and services that meet the needs of producers and government.

The business plan outlines operational initiatives, expected outcomes, and performance indicators and targets to track progress on implementing this strategy.

With the current fiscal climate and recent changes to programs, Agricorp has found efficiencies through the creation of more streamlined processes, lower administrative costs and better use of technology. The adjustments range from the delivery of services through new or alternate platforms to right-sizing processes to reflect changing programs and seeking a flexible program administrative funding model within an overall funding envelope that enables greater responsiveness to government and industry needs. This approach recognizes that accountability and a focus on the customer must not be compromised.

To maintain effective and efficient operations, Agricorp has enhanced AgriStability delivery processes and is implementing improved Production Insurance delivery processes to sustain efficient delivery while examining delivery costs for continued cost containment and savings. The agency will continue to promote and, where possible, expand the self-service options it offers to customers, while ensuring all service channels are integrated, making it easier for producers to do business with Agricorp. With change and innovation a constant in the agricultural industry, Agricorp will introduce enhancements to plans for fruit, grains and oilseeds in Production Insurance and the Risk Management Program, to ensure these programs remain relevant for Ontario producers.

With the completion of phase one of the IT Renewal Plan, this three-year business plan outlines capital investment for phase two. Further investment in technology will support continued improvements to customer service, provision of more web-based self-service capabilities and access to better information for policy development. In 2016, the agency will continue to work with governments to secure funding for this next phase, the replacement of Production Insurance administrative systems. An assumption used in developing this business plan is that funding will be secured for fiscal 2016-17 to enable continued renewal of Agricorp's customer service and delivery capabilities.

In closing

Agricorp continues to transform its delivery of programs and services to Ontario producers through measured steps over time. In an environment of fiscal constraint and with recent changes to program design and public accountability and transparency, Agricorp has maintained its reputation as the delivery agency of choice. The 2016-19 business plan builds on this solid foundation.

Mandate

Ontario agencies are diverse, operate in a complex environment with many stakeholders, and are established for a variety of reasons. They are created and continue to exist when there is substantial public interest in or need for the provincial government to play a role in the delivery of a service or function, and when the provincial government is accountable for the subject area.

There is a significant public interest in a viable and sustainable agriculture industry and in shared federal-provincial responsibility. Agricorp was created to deliver programs and services to the agricultural industry. As an agency, it has organizational and resource flexibility to adapt to the needs of industry and government. Under the governance of an experienced and knowledgeable board of directors, agency staff focus on efficient and effective program delivery while being accountable to government. Agricorp supports government by providing advice on agricultural policy and programs, and ensures public confidence through impartial and autonomous decisions within the programs it delivers.

Agricorp was established in 1997 by the provincial government under the authority of the *AgriCorp Act, 1996*. The agency's legislative mandate, as outlined in the *AgriCorp Act, 1996* is two-fold, and in summary is:

- To administer plans of crop insurance under the Agricultural Products Insurance Act, 1996, and perform duties conferred on it by that Act; and
- To perform other duties conferred by any other Ontario statute, order of the lieutenant governor in Council or agreement.

As an agency of the Ontario government, Agricorp delivers government and non-government business risk management programs to Ontario's agricultural industry on behalf of the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). Agricorp is responsible to the Ontario government to deliver programs while maintaining the highest standards for fiscal responsibility, transparency, accountability, risk management and customer service.

Vision

Agricorp's vision is to be a versatile, customer-focused organization that works with partners to innovatively deliver programs and services that enhance the vitality of Ontario agriculture.

Agricorp's customer-focused vision supports the Ontario government's agenda of a strong and growing economy and achieving a balanced budget by 2017-18, and aligns with OMAFRA's vision of achieving a thriving Ontario agriculture, agri-food and agri-based products industry.

Agricorp's two largest programs, AgriStability and Production Insurance, are cost-shared by the federal and provincial governments. Agricorp also delivers the Risk Management Program on behalf of the province. These programs help Ontario producers manage risks associated with operating a farm business, such as adverse weather and fluctuating costs and market prices.

Mission

We connect producers with programs. We partner to deliver risk management programs that are responsive to the changing needs of agriculture.

Delivery is our strength. We focus on efficient and effective delivery of programs with quality, integrity, and transparency.

Customers are our priority. We want to deliver consistently professional services and programs that provide security today while helping our customers manage their risks in the future.

Our people are the foundation of our success. Collaboration and continuous improvement harness our many strengths for a common focus.

We are publicly accountable. Through the prudent expenditure of public funds, we deliver programs on behalf of our agricultural and government partners with consistency, openness, and dependability.

Core qualities

Agricorp promotes five core qualities to guide employees' daily activities and help them achieve the organization's vision and mission.

Agricorp's employee recognition program, High Five, formally and informally recognizes staff who demonstrate one or more of the five core qualities in the workplace. It promotes a "recognition culture" at Agricorp by emphasizing the importance of acknowledging the efforts and accomplishments of all employees. Agricorp wants its employees to be:

Proactive — we are always looking for opportunities to improve. We act in advance to deal with expected difficulties.

Collaborative — we work together to foster a shared vision. We support and encourage each other.

Quality-focused — we take pride in our work. We do the right things the right way, to the highest possible standard.

Efficient — we work effectively with a minimum of waste, expense, or unnecessary effort. We look for ways to do our jobs as easily and as quickly as possible, without compromising quality.

Professional — we meet our commitments and do our jobs with integrity. We strive to earn the trust of others through our actions, the quality of our work, and our attitude.

Governance

Agricorp is governed through legislation, through a board of directors that reports to the Minister of Agriculture, Food and Rural Affairs, through a collaborative relationship with OMAFRA and through day-to-day management. By rigorously adhering to regulatory requirements and best management practices, Agricorp ensures sound and consistent governance throughout the organization.

Legislation and directives

Agricorp is a provincial Crown corporation created in 1997 under the authority of the *AgriCorp Act, 1996* and is classified as a board-governed agency. The Act outlines Agricorp's purpose, powers, mandate, and structure and authorizes Agricorp's board of directors to create bylaws detailing the board's operating policies.

As a board-governed agency, Agricorp has the financial and operating authority to carry on a business and conduct operations in support of its mandate. Agricorp's board of directors is accountable to the minister for the achievement of Agricorp's mandate. The agency is responsible for the judicious use of public resources, follows leading governance practices, and is guided by the highest standards of conduct.

Agricorp must comply with provincial government directives that guide agencies in the delivery of services to the public. The Agencies and Appointments Directive (AAD) provides the accountability framework within which Agricorp operates.

Board of directors

Agricorp's board members are leaders in agriculture, business and community. Members are appointed by the lieutenant governor through an order-in-council on the recommendation of the Minister of Agriculture, Food and Rural Affairs. Members serve terms of up to three years and are responsible for the overall performance of Agricorp. The board and its committees typically meet quarterly, or as required by business demands, and have an annual strategic planning session.

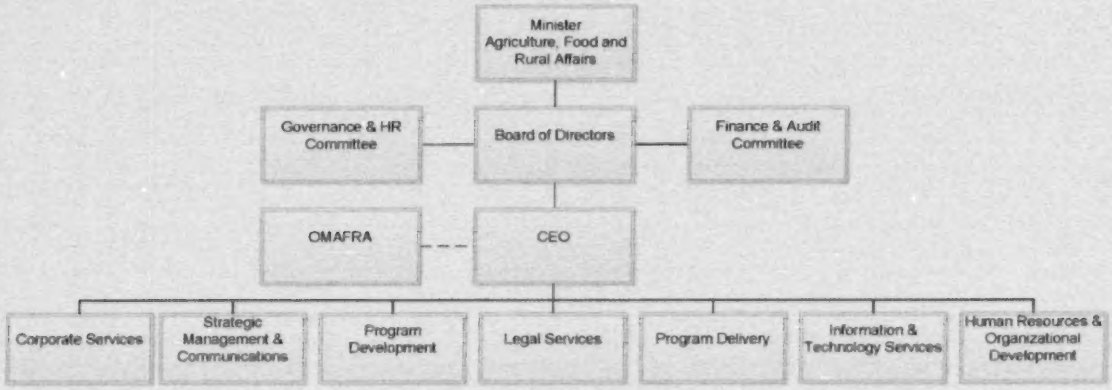
The board of directors is accountable to the minister, through the board's chair, for setting goals, objectives and the strategic direction for Agricorp, within its mandate. The board oversees Agricorp's operations through several accountability mechanisms, including:

- Memorandum of understanding
- Program agreements
- Strategic plan
- Annual report
- Audits
- Financial and performance reporting

Relationship with OMAFRA

A memorandum of understanding, based on the AAD, signed by the minister and board chair and submitted to Treasury Board Secretariat, clarifies expectations and covers financial, staffing and administrative matters, and reporting requirements. It also defines the relationship between OMAFRA and Agricorp, including the roles and responsibilities of the minister, the deputy minister, the chair of the board, the board of directors and the chief executive officer of Agricorp.

Agricorp's governance structure



Overview of programs

Overview

Agricorp's primary focus is to deliver programs and services to help Ontario producers manage the business and agricultural risks they face every day. Agricorp delivers a suite of risk management programs and provides services for government and industry groups.

The three main programs Agricorp delivers are: AgriStability, Production Insurance and the Risk Management Program (RMP). AgriStability and Production Insurance are part of the suite of programs established under the federal-provincial-territorial Growing Forward 2 agricultural policy framework. The costs are funded by the federal and provincial government on a 60:40 basis. RMP is funded by the Ontario government. Agricorp is responsible to the provincial government to administer these programs while maintaining the highest standards for fiscal responsibility, transparency, accountability, risk management and customer service. In 2015-16, Agricorp delivered business risk management programs to more than 43,000 Ontario producers.

Agricorp's goal is to provide predictable, consistent, and excellent customer service while continuing to earn the confidence and trust of Ontario's agricultural producers.

Major programs

AgriStability

AgriStability is a business risk management program that helps producers with severe farming income losses caused by adverse market conditions, production loss or increased costs of production. If a producer's program year margin falls below 70 per cent of their average historical reference margin, AgriStability helps to offset the difference. (This threshold was reduced to 70 per cent from 85 per cent for the 2013 program year.) The program is available to producers of all agricultural commodities.

To date, Agricorp has processed $30.0 million in claim payments for the 2014 program year for more than 1,250 customers who incurred losses. For the 2015 AgriStability program, Agricorp has underwritten more than 14,100 producers and has delivered $2.7 million in interim payments.

Production Insurance

Production Insurance is a business risk management program that compensates Ontario producers for yield reductions and production losses caused by adverse weather and other insured perils such as disease, wildlife and insect infestations. Production Insurance provides effective coverage for 100 commercially grown crops in Ontario. Producers may choose from a variety of plans and coverage is available on a total-yield, dollar-value, or acreage-loss basis. Payments are triggered when an insured peril causes the harvested yield to fall below guaranteed production levels or predetermined thresholds.

For the 2015 crop year, Agricorp underwrote more than 14,250 producers in Production Insurance, representing 5.0 million acres and $3.0 billion in liability. Claim verification resulted in more than $86.8 million in payments to more than 8,000 producers with yield reductions and crop losses.

Risk Management Program

The Risk Management Program (RMP) is designed to help Ontario producers offset financial losses caused by low commodity prices and rising production costs. The program offers six plans for producers of grains and oilseeds, livestock (cattle, hog, sheep and veal) and edible horticulture. For most plans, RMP works like insurance and producer premiums are based on a choice of coverage levels and options. Payments are triggered if the commodity's average market price falls below the average cost to produce the commodity and the chosen coverage level. For the edible horticulture plan, the producer deposits funds in a self-directed account to receive a matching government contribution. The producer may withdraw funds to offset financial losses.

In 2013, the provincial government introduced annual funding of $100 million for producer payments and administrative costs. To ensure the equitable distribution of funding across all plans throughout the year, interim payment rates were introduced and remain in effect.

For the 2014 program year, Agricorp underwrote nearly 10,000 producers who were enrolled in one or more of the six plans and used the $100 million in available funding.

Other government programs and services

Agricorp delivers other government programs and services that benefit producers by ensuring the overall financial health and security of specific agricultural sectors.

For a detailed description of all programs and services delivered by Agricorp, such as Farm Business Registration and Beekeepers Financial Assistance Program, refer to Appendix B.

Other agricultural programs and services

Agricorp provides services to industry to support and enable a competitive, productive and sustainable agri-food sector. These services include: data management for the Ontario Apple Growers, Grape Growers of Ontario and the Ontario Tender Fruit Producers Marketing Board; financial analysis for the Dairy Farmers of Ontario, secretariat and financial support services for the Grain Financial Protection Board, and payment management for the Farmer's Risk Management Premium Fund.

Refer to Appendix B for a detailed description of the services Agricorp provides to industry and government.

Environmental scan

The environmental scan describes the business environment in which Agricorp operates. It identifies key trends, events and issues that present risks and opportunities to the agency. This allows Agricorp to be proactive in assessing and responding to changes in its internal and external environment.

External environment

Ontario's political landscape

Ontario's June 2014 election resulted in the re-election of the Liberal leadership and a shift from a minority to majority government. A new minister was appointed to the consolidated Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA), a post the Premier previously held in conjunction with her premier duties.

Ontario's economic plan

In September 2014, the Premier provided cabinet ministers with ministry mandate letters. The letters outlined the provincial government's key priorities in building up Ontario and specific expectations for each ministry. The priorities of economic growth, job creation and achieving a balanced budget remain fundamental to building for the future. These priorities are supported by strategic investments in people, modern infrastructure and transportation networks; creating a supportive and dynamic business climate; and ensuring retirement security for Ontarians, while being fiscally responsible.

The letters also outlined mandates to review and prioritize ministry programs and services while adhering to program spending objectives. For OMAFRA, specific priorities included supporting the growth of the agri-food sector, ensuring sustainability of agriculture, providing business support to farmers, expanding agriculture in the north, and fostering vibrant rural economies.

A balanced budget

The 2015 budget reinforced the commitment to eliminating the deficit by 2017-18 while building Ontario up through priority investments that create jobs, expand opportunity and secure prosperity for all Ontarians. The 2015 budget continued to look for ways to transform programs, manage compensation costs, ensure fair taxation and realize the value of provincial assets.

Transforming Public Services

Ontario's Transforming Public Services strategy, which began in 2012, continues to advance a number of initiatives focused on reducing the rate of spending, reducing program spending and consolidating business support programs. As part of this strategy, Ontario ministries undertook a number of agency reviews in 2013 to identify savings and increase efficiency. The Agricorp Review, a joint ministry-agency initiative that reviewed policies and processes, was completed in early 2014. The work continues in the form of program reviews as the Ontario government remains focused on delivering better, smarter, and faster public services. Currently, OMAFRA and Agricorp are actively reviewing programs to consider alternative delivery options.

The Treasury Board is leading the government's efforts on accountability, openness and modernization as it implements new accountability measures across government. For agencies, many of these measures are encompassed in the Agencies and Appointments Directive, which came into effect in February 2015.

Open for Business

Delivering better products and services, while reducing red tape, continues to be a part of the provincial government's plan to create a more competitive environment for businesses.

Ontario's "Open for Business" initiative remains a priority and is focused on creating faster, smarter and more streamlined government-to-business services. This initiative is a key part of the government's commitment to make the province more attractive to business while continuing to protect the public interest. For the agri-food industry, "Open for Business" focuses on creating a regulatory, client-centered environment that supports economic success and makes it easier for producers and industry to do business.

Open Government

Ontario's Open Government Initiative is about creating a more open and transparent government for the people of Ontario. Open Government means providing Ontarians with more opportunities to weigh in on government decision-making to help improve programs, policies and services. It means sharing government data online and providing information to help Ontarians better understand how government works.

The Open Data Directive and Guide were released in November 2015. The new Open Data Directive promotes an "open by default" approach to the release of government data, unless exempted from release due to legal, security, confidentiality, privacy, or commercial sensitivity reasons. It provides ministries and agencies with the principles, requirements and instructions on how to release government data that they create, collect, or manage.

The Premier's Agri-Food Challenge

The province is blessed with thousands of hectares of farmland, a rich diversity in foods produced, and an agri-food sector that is a major player in Ontario's economy. It currently generates $34 billion a year in gross domestic product and sustains 740,000 jobs – about one in every nine jobs across the province.

In 2013, the Premier announced her commitment to Ontario's agri-food industry and spoke of its importance to the province's economy and economic recovery. As other parts of Ontario's economy experienced a downturn, Ontario's agri-food sector registered growth. Building on this success, she challenged the industry to double its annual growth rate and create 120,000 jobs by 2020. To meet this challenge, the sector will have to identify growth opportunities, leverage its strengths to develop domestic and foreign markets and collaborate with government.

In the first year of the challenge, the Ontario agri-food industry increased exports by 5.5 per cent and jobs by 2.2 per cent and worked to develop a plan to meet the challenge. In October 2015, the industry, as represented by the Agri-Food Growth Steering Committee, provided advice to the minister on how to meet this challenge. This included recommendations such as having the Ontario government and industry work together to champion the importance of food processing as a priority for the next federal-provincial-territorial agricultural policy framework and better promoting the competitive business environment Ontario offers to prospective and current agri-food businesses.

Ontario's dynamic agricultural industry

Most sectors of the agricultural industry are very dependent on the weather and climate, and are experiencing more variability and extremes in daily and seasonal weather patterns. This makes agricultural production more challenging, affecting product supply and demand and commodity prices. Agricultural demographics continue to change, with a declining number of farms and increases in the average farm size, combined with an aging farmer population.

The current agricultural policy framework, Growing Forward 2: 2013-18 reinforces the commitment of federal, provincial and territorial governments commitment to innovation, competitiveness, marketing and to the continuation of business risk management programs, providing some stability to the sector. The policy introduced some program design changes to

AgriStability and a national review of the Production Insurance program. The effects of the policy changes to AgriStability are being tracked and reported to Agriculture and Agri-Food Canada. The Production Insurance review was completed and no program changes were recommended.

Provincial only programs also support the agricultural industry. The Ontario government has an ongoing commitment to provide programs and services to Ontario producers such as Risk Management Program, Grain Financial Protection Program, Farm Business Registration, Ontario Vineyard Improvement Program, Beekeepers Financial Assistance Program and Farm Property Class Tax Rate Program.

In November 2014, OMAFRA's minister officially proposed the *Crop Insurance Act (Ontario), 1996* be changed to the *Agricultural Products Insurance Act, 1996*. The amendments to the Act were proclaimed in September 2015 and the change enables the province to expand insurance coverage to a range of products beyond crops, such as livestock and pollinators. This better aligns Ontario with other jurisdictions under the Growing Forward 2 agreement.

Technology and innovation

Today's economy relies on technological advancement to support both improved efficiency and greater accessibility. The role of data in agriculture has been gradually changing. Increasingly there is more use by producers of real time data collection in agriculture, in particular with large grain farms. While some producers rely on data collection such as weather, rainfall, equipment usage and effectiveness, seed production and harvest yield, there is more work needed to unlock the value of collecting this data to help the farmer make better management decisions.

Canada's political landscape

Canada's October 2015 election resulted in a majority Liberal government, a shift from the previous Conservative government. In mid-November, the Prime Minister provided ministers with mandates letters outlining the priorities for each minister. The overarching goal for the Minister of Agriculture and Agri-Food is to support the agriculture sector in being more innovative, safer and stronger and a leader in job creation through policy and financial tools. Priorities include helping the sector with water management, research and innovation, food safety, and getting product to market.

Internal environment

Managing change

As a government funded agency, there is always potential for change based on government policy and industry needs. The challenge becomes managing the uncertainty of the degree of change. Agricorp has been able to manage change over the years, as priorities, policy and industry needs evolved. 2016 and beyond will be no different.

Administrative funding

In alignment with the Government of Ontario's fiscal restraint, Agricorp remains committed to prudent fiscal management while providing trusted and transparent delivery of programs and services. With no growth in government program funding, Agricorp remains committed to finding cost savings and identifying further efficiencies for program and service delivery.

For several years, Agricorp has found cost savings to offset inflationary cost increases and will continue to look for efficiencies and cost savings in 2016-17 and future years. The agency anticipates a flat-line budget for 2016-17 and subsequent years, with no budget increases for

inflation. Agricorp continues to work with the federal and provincial governments to further advance its information technology investment plan. A business case to replace Production Insurance administrative systems and to further enable accuracy, efficiency and integrity in program delivery is complete. The agency continues to work with OMAFRA to secure funding.

Program changes

Agricorp, OMAFRA and industry collaborate to prioritize and balance program enhancements within today's operating environment. In September, the *Agricultural Products Insurance Act, 1996* was proclaimed. Agricorp worked closely with the government and the Ontario Beekeepers' Association, and in mid-September a Production Insurance plan for bees was launched. The plan covers overwintering losses and replaces coverage that was previously available under the Beekeepers Financial Assistance Program.

Agricorp continues to deliver the Risk Management Program (RMP) and finalize program changes for 2016. In 2015, the Ontario Minister of Agriculture, Food and Rural Affairs removed AgriStability participation as a requirement for participation in RMP. Commodity groups had requested the requirement be removed to give farmers more flexibility in choosing programs that best meet their needs.

Workforce environment

Agricorp's skilled and knowledgeable workforce enables the agency to respond quickly and effectively to the changing needs of the agricultural industry and governments while maintaining superior customer service. At the same time, program changes and a need to find better, smarter and faster ways to manage the day-to-day work continue to challenge Agricorp's workforce in what they do and how they perform their work.

Based on the most recent employee engagement survey, Agricorp continues to maintain a high level of overall engagement and commitment to the organization. Significant improvement was noted in areas of company effectiveness, senior leadership and communications.

The Enterprise Change Improvement initiative, started in 2013-14, is improving the way the agency manages and implements change across the organization. It is enabling the agency to be more effective and streamlined in its approach to decision making, and in turn enabling employees to have an enterprise-wide view of our programs when serving customers.

Agricorp continues to align its total rewards and compensation policy with the provincial government's public sector compensation framework.

Technology and innovation

Advancing technology and finding innovative solutions has been a strategic initiative of Agricorp for several years, and the agency now has the foundation in place for the future. While stabilizing and maintaining existing IT systems, the agency also built systems and processes to centralize customer data collection, data storage and financial transactions across all programs. Plans to replace Production Insurance program administrative systems are in place, and Agricorp is working collaboratively with government to obtain the necessary funding.

As today's agricultural industry continues to embrace the convenience of technology, Agricorp is advancing key strategic initiatives and developing the tools to provide customers with efficient and convenient online services for 2016 and beyond.

Strategic direction

As an agency of the provincial government, Agricorp's mandate is "to administer plans of crop insurance under the *Agricultural Products Insurance Act, 1996*" and "to perform other duties conferred on it" by the Government of Ontario. The agency's strategic direction is centered on successfully performing these duties while supporting the government's efforts to promote a more competitive and productive agri-food and agri-product sector, with economic growth and opportunities for rural Ontario.

In October 2013, the Premier challenged the agricultural industry to double its annual growth rate and create 120,000 jobs by the year 2020. The Growing Forward 2 (GF2) agricultural policy framework supports innovation, competitiveness and market development, and includes a suite of business risk management programs. GF2's federal-provincial funded programs such as Production Insurance and AgriStability, combined with provincial programs like the Risk Management Program (RMP), provide Ontario farmers with a suite of programs to help manage risk. Agricorp's delivery of these programs provides a level of financial security and a measure of predictability for Ontario farmers to grow the industry.

Governments face challenges to improve public services while containing expenditure growth. Fiscal constraint and relevant programs are two key drivers for Agricorp. After completing program delivery reviews of RMP and AgriStability, Agricorp reduced program administrative costs and improved online self-service without reducing customer service levels. To identify further efficiencies, Agricorp is examining infrastructure costs and reviewing Production Insurance delivery processes.

Agricorp understands the need to document and standardize business processes that are supported by robust information technology systems. With foundational accounting and customer data systems and processes in place, we are working to replace program-specific information technology systems to gain further efficiencies and improve customer service.

Agricorp has found efficiencies without materially compromising recent gains in customer service and quality. This was validated by benchmarking completed by KPMG in 2013, which concluded, "Agricorp is performing similar to or better than its comparators for all indicators measured. Overall, Agricorp is balancing efficiency with effectiveness well to provide value for money relative to other agriculture business risk management organizations."

The strategic direction of Agricorp is similar to previous years but has been adjusted to reflect changes in the environment and the needs of government and industry. The agency will continue to focus on operational efficiency and effectiveness, strive to make it easier for customers and staff to complete their program responsibilities and be ready to deliver relevant programs on behalf of the provincial government. The strategy is described below.

Efficient and effective operations

Agricorp is responsible for the development and implementation of all processes, systems and tools needed for effective and responsible delivery of programs and services. The majority of the agency's resources are engaged in day-to-day program delivery. The remainder are focused on implementing industry-requested or government-mandated program changes and on improving Agricorp's efficient and effective operations. The agency regularly reviews its program delivery model to remain aligned to the size, scope and complexity of the programs it delivers. Agricorp is a low-cost provider of programs and services, compared to similar service providers, and has achieved consistently high ratings for customer service over the last six years.

Technology plays a critical role in enabling and driving service delivery productivity. Our IT Renewal Plan takes a fiscally responsible approach by dividing the strategy into phases. While Agricorp has made significant progress by stabilizing program delivery systems, implementing a customer relationship management tool, developing a common system to manage accounting functions, and creating a secure web portal for customers, continued investment is required.

Funding for phase one of Agricorp's IT Renewal Plan ended in 2014. Agricorp is working with governments to secure funding for replacement of Production Insurance administrative systems. This investment will enable the agency to remain efficient and to more effectively implement program design changes, providing long-term benefits to government and industry.

Recent design changes to AgriStability have reduced the number and size of payments, and program participation continues to decrease incrementally. A review of customer-facing and internal business processes enabled Agricorp to adjust its delivery model to more proportionally correspond to the redesigned program and to fit within fiscal limitations. A Production Insurance program review, combined with the replacement of Production Insurance administrative systems, will enable further opportunities to lower administrative costs and implement a multi-program service delivery model to better serve Ontario farmers.

Expected outcomes

- Production Insurance program review and system replacement enable a fundamental change in how we do business with our customers, with improved customer service and increased internal efficiency.
- Use of a risk-based approach provides cost effective, timely and accurate file processing and delivery.
- Streamlined and clarified change processes enable effective and efficient decision-making and priority setting.
- Systems and processes have a multi-program customer orientation to support customer, government and industry needs.

Making it easier to do business with Agricorp

Making it easier to do business with Agricorp is important for both its customers and its staff. Customers rely on technology to remain productive and competitive. They want and expect Agricorp to provide them with convenient, easy-to-use self-service channels. To accomplish this, Agricorp staff need the capabilities, business processes and structure to enable a straightforward, efficient customer experience.

Easier for customers

Agricorp has laid the foundation for customer self-service channels. Customers now have online access to their program information and can conduct business with Agricorp through a secure web portal. The agency is streamlining processes across programs, is encouraging customers to use less expensive channels and is expanding online services so customers will select digital transactions by default. Accelerating the development of transactional services and moving them online aligns with the provincial government's e-services strategy will result in a more efficient self-service experience for customers, and will achieve some administrative cost savings.

Ontario's farm businesses are diverse in size, crop and livestock type, management practices and growing conditions. Agricorp recognizes this diversity and will take a tiered approach to customer service to accommodate the range of farm business. While easy-to-use self-service channels will become the first point of contact for more customers, other service channels will

be available. Where specific or specialized support is needed, customers will be guided through our call centre or by other specialized staff.

To enable effective risk management decision making, producers must understand business risk management programs and the outcomes they can expect from participating in the programs. Agricorp will continue to work with governments and industry to build awareness and inform producers of risk management programs.

Easier for staff

Since its inception in 1997, Agricorp has experienced significant program and organizational growth. In recent years the agency has made changes to its business practices and improved management of the business. While Agricorp has had a good track record of managing change, there is room to be more effective in how we coordinate our efforts and expertise across the organization. The goal is to ensure the appropriate structure, processes and capabilities are developed to further enable the agency to efficiently deliver changing programs while being responsive to government and industry needs.

Knowledge of the business of farming, associated risks, and the way the programs Agricorp delivers help manage these risks are foundational skills for Agricorp staff. This foundational knowledge and an understanding of why programs are designed the way they are will enable Agricorp staff to provide quality customer service while taking into account the perspective of the farm operation.

Expected outcomes:

- User-friendly, efficient self-service channels are the preferred point of contact for customers to do business with Agricorp.
- The customer experience for farmers and business partners is aligned with Agricorp's customer service direction, government expectations and the fiscal environment.
- Customers interact with knowledgeable and skilled staff that understand their farm business, their risks and how programs help manage these risks.
- Knowledgeable producers make informed business risk management decisions.

Ready to deliver

Being ready to deliver means that Agricorp is flexible and adaptive to the program delivery needs of the provincial government. The agency will contribute to the provincial government's Open for Business initiative of providing more streamlined government-to-business services, which will enable a more competitive and productive agri-food and agri-products sector.

Agricorp has worked with OMAFRA in a few focused program areas to reduce the burden on producers for items such as duplicate reporting and multiple contacts across programs. Consolidating the delivery of similar programs will help producers better connect with a range of programs and services, reduce annual program delivery costs, and ultimately support OMAFRA in fostering a competitive, productive and sustainable agri-food industry.

Relevant risk management programs provide producers with tools they need to manage risks and the confidence to make investments and be innovative. Producers who participate in risk management programs have a level of financial security that gives confidence to other businesses they deal with, such as financial institutions and input suppliers. Relevant risk management programs also reduce the need for governments to fund ad hoc programs.

Agricorp has effectively implemented recent design changes for RMP, FBR, AgriStability and Production Insurance, meeting government expectations. Over the next three years, Agricorp

will continue to focus on high priority enhancements, including investigating options for expanding Production Insurance to cover livestock. Our goal is to ensure the programs and services delivered today, and in the future, are relevant to the changing needs of the agricultural industry.

Expected outcomes:

- Enhanced programs and services remain relevant to the changing needs of a competitive agricultural industry.
- Flexible and adaptive program delivery approach meets future customer and government needs.
- Additional synergies are realized through consolidated program delivery.

Implementation plan

Recognizing the current fiscal limitations, Agricorp's actions are focused on continuous improvement of programs and services, while supporting the broader government initiative of improving efficiencies in public service delivery to achieve better value for money. Implementation is focused on improvements to core businesses that will support the agency in maintaining a high level of service to customers and government, while maintaining programs that are relevant for producers today and in the future.

Efficient and effective operations

Agricorp will continue to advance efficient and effective delivery of programs and services. It will balance the needs of customers and government through the prudent use of public funds to improve both internal and customer-facing processes and the IT systems that support them. In the current environment of fiscal constraint, Agricorp will strive to maintain its current service levels while making incremental improvements.

Initiatives

- Complete the integration of the program administration IT system, Zephyr, with the common accounting IT system
  Timeline: in 2016-17
- Implement program delivery efficiencies by modernizing work flows, using alternative approaches to delivery processes developed in the Production Insurance review
  Timeline: through 2017-18
- Examine costs with inflationary pressures for continued cost containment and savings.
  Timeline: incrementally through 2019
- In collaboration with OMAFRA, secure funding for and implement phase two of the IT Renewal Plan, the replacement of Production Insurance administrative systems
  Timeline: incrementally through 2019

Making it easier to do business with Agricorp

Making it easier to do business with Agricorp means enhancements and change for both Agricorp customers and staff. Internally, the agency will ensure it has suitable structures, processes and capabilities in place to enable staff to meet customer needs. Leveraging these capabilities and implementing additional self-service capabilities will make it easier for customers to do business with Agricorp.

Initiatives

- Improve existing internal structures, processes and capabilities to enhance Agricorp's ability to respond to changing and new program requirements
  Timeline: in 2016-17
- Implement a comprehensive insurance and agricultural business knowledge program for staff
  Timeline: through 2017-18
- Promote and enhance existing self-service options for customers, and add new options
  Timeline: incrementally through 2019

Ready to deliver

As an agency of the Government of Ontario, Agricorp is ready to deliver programs and services on behalf of the provincial and federal governments and of industry stakeholders. Agricorp is

flexible and adaptive, leveraging its core capabilities to provide efficient and streamlined delivery of programs and services to meet the evolving needs of government and industry. The agency will continue to provide advice and expertise to support government objectives and will seek to find efficiencies in program and service delivery for the benefit of government and industry.

Initiatives

- Implement enhancements to plans for fruit, and grains and oilseeds in Production Insurance and the Risk Management Program
  Timeline: through 2017-18
- In collaboration with OMAFRA, assess opportunities relating to the delivery of government programs and services
  Timeline: incrementally through 2019
- Develop and implement enterprise file handling processes for all programs, with an initial focus on Production Insurance
  Timeline: incrementally through 2019

Performance measures

A core set of balanced performance measures have been identified for the purposes of demonstrating Agricorp's operational effectiveness and accountability to government. These measures demonstrate the agency's effectiveness, efficiency, innovation and levels of customer satisfaction. The agency uses a more comprehensive set of measures internally and has the capability to drill down to describe results. These detailed measures are embedded in a balanced scorecard and are reported quarterly to Agricorp's board of directors.

Performance measures table

Key Performance Indicator	Targets	Past Performance
Customer satisfaction with quality of service, as measured annually by a customer satisfaction survey.	Achieve a consistently high overall customer service rating equal to the previous three-year average. *(on a scale out of 5)*	2016 survey - 3.63 2015 survey - 3.55 2014 survey - 3.59
Program processing timeline targets are met.	95% of AgriStability files processed by December 15, 2016.	2015-16 - 95% by November 26 2014-15 - 95% by November 17 2013-14 - 95% by December 3
	90% of Production Insurance claims paid within 30 calendar days of receipt of all required information.	2015-16 - 96.5% 2014-15 - 95.0% 2013-14 - 89.5%
	95% of RMP payments made within 60 days of receipt of all required information.	2014 RMP: G&O - 98.5% 2014 RMP for livestock - 98.7% 2014 SDRM – 98.0% 2013 RMP: G&O - 98.4% 2013 RMP for livestock - 99.5% 2013 SDRM - 95.5% 2012 RMP: G&O - 91.8% 2012 RMP for livestock - 90% 2012 SDRM: not measured in 2012
Program processing quality targets are met.	2% reduction in the number of requests for amendments for AgriStability claims.	2012 to 2013 - 39% reduction 2011 to 2012 - 8% reduction 2010 to 2011 - 29% reduction
	An error rate of less than 2% for Production Insurance claims.	2014-15 - 0% 2013-14 - 0% 2012-13 - less than 1.0%
	An error rate of less than 2% for RMP claims.	2014-15 - 0% for G&O and livestock 2013-14 - < 1% for RMP for livestock 2012-13 - 1% for RMP: G&O

Key Performance Indicator	Targets	Past Performance
Public accountability and good governance, as demonstrated through regular reporting and effective financial stewardship and control.	Annual Chair and CEO attestation, as required, of compliance with applicable legislation, directives and policies.	A request for attestation has not been received by Agricorp.
	3-year business plan, including budget and risk management plan, is submitted to the minister.	2015-18 - April 8, 2015 2014-17 - March 11, 2014 2013-16 - June 3, 2013 2012-15 - April 27, 2012
	Sound and balanced operational performance and financial reports provided to ministry quarterly.	2015-16 Financial reports submitted April 15, July 15, October 15 and January 15. 2015-16 Operational monthly and interim performance reports provided regularly.
	Annual report is submitted to the minister within 120 days of year-end.	2014-15 report - 120 days 2013-14 report - 119 days 2012-13 report - 120 days
	Comprehensive audit control framework in place and monitored by the Agricorp board.	2015-16 – completed 2014-15 - completed 2013-14 - completed
Effectiveness of current products as measured annually by a customer satisfaction survey.* *(on a scale out of 5)*	Production Insurance - Achieve a mean rating of 3.50 or higher.	2016 survey - 4.27 2015 survey - 4.19 2014 survey - 4.26
	AgriStability - Achieve a mean rating of 3.50 or higher.	2016 survey - 3.62 2015 survey - 3.50 2014 survey - 3.63
	Risk Management Program – Achieve a mean rating of 3.50 or higher	2016 survey - 3.93 2015 survey - 3.83 2014 survey - 3.89

** The effectiveness of current programs is a function of program policy and design and of program delivery. Agricorp is responsible for program delivery. The ministry is accountable for program policy and design.*

Resources required

This section identifies the financial, infrastructure and human resources that will be used by Agricorp to meet its strategic goals and objectives over the three-year planning horizon. In addition, this section identifies key resource risks and describes how the risks will be managed or mitigated.

Planning assumptions

Plans are established based on a set of assumptions. If the planning assumptions change during the implementation of Agricorp's 2016-19 business plan, the agency will adjust the plan accordingly.

This business plan is developed based on known and projected administrative funding amounts from the provincial and federal governments and producer organizations.

Financial

The Ontario government remains committed and focused on its plan to eliminate the provincial deficit and continues to operate within a framework of fiscal constraint. In 2015-16, Agricorp's provincial base funding allocation decreased by three per cent compared to 2014-15. For 2016-17 and the two following fiscal years, the provincial base funding allocation of Agricorp's budget will be the same as it was in 2015-16. For federal-provincial programs such as Production Insurance, the provincial allocation in the budget will be used to determine the federal allocation.

There will be no additional administrative funding for the inflationary cost increases of delivering program and services. Agricorp will continue to cover inflationary cost increases through efficiency improvements and cost-saving measures.

If new programs are added to Agricorp's delivery suite, additional administrative funding will be provided. If programs are discontinued, the corresponding amount of administrative funding would be removed from the budget, subject to any adjustments for program wind-down costs.

Funding for phase two of Agricorp's IT Renewal Plan, the replacement of Production Insurance administrative systems, will be a separate investment from the administrative budget for programs. Multi-year funding for this work from the provincial and federal governments will be available starting in 2016-17.

Customer Service

Agricorp has received solid customer service ratings from its customers since 2010. The agency will strive to maintain the current level of customer service over the next three fiscal years. This plan includes limited changes related to improving administrative processes and customer service. Priority will be given to efforts that enable further cost savings and delivery efficiencies (e.g., self-service, electronic transactions for customers).

Programs

The Growing Forward 2 policy framework agreement is in place until March 2018, and the next program review for the Risk Management Program (RMP) will likely occur in 2016. Agricorp assumes it will continue to deliver the three main programs, Production Insurance, AgriStability and RMP, for the next three fiscal years.

Over the last three years, Agricorp has implemented design and delivery changes to AgriStability, RMP and FBR. Recent changes are being monitored and assessed to determine

their impact, if any, to the long-term delivery of the programs. Over the next three fiscal years, Agricorp assumes there will be no material or fundamental design changes to core programs.

Agricorp is ready to deliver new programs and services. The agency has the expertise and in-depth knowledge to deliver new programs and services effectively and responsibly, but has limited capacity to implement them quickly. Advanced notice and planning for new programs is critical to effectively leverage existing resources and add additional resources as appropriate. The use of existing resources to deliver new programs will have an impact on the delivery of existing programs and services. Agricorp will review these impacts with OMAFRA during the planning stage.

Financial resources

Prudent fiscal management is one of Agricorp's key operating principles. The agency continues to implement efficiency improvements whenever and wherever possible. Recognizing the current economic climate and the increased financial accountability and reporting requirements, Agricorp will continue to focus on achieving and demonstrating results.

The following financial table is based on the known and expected programs and services Agricorp will deliver over the next three years. Funding levels are based on information available as of January 31, 2016. Funding levels were developed based on discussions with OMAFRA, information provided to OMAFRA during OMAFRA's Program Review, Renewal and Transformation process, and information OMAFRA has provided to Agricorp.

Expenses and funding

$ in 000's	Notes	2015-16 Funding*	2015-16 Forecast**	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate
Administrative Expenses by Program						
AgriStability	1	15,579	13,740	13,950	13,950	13,950
Production Insurance	2	17,409	18,468	19,040	19,040	19,040
RMP	3	7,000	5,430	7,000	7,000	7,000
All Other	4	2,158	2,415	1,647	1,397	1,397
Total Expenses		**42,146**	**40,053**	**41,637**	**41,387**	**41,387**
Administrative Expenses Funding						
Federal Funding	5	19,793	19,325	19,794	19,794	19,794
Ontario Funding	6	13,865	13,865	13,828	13,828	13,828
RMP Funding (Ontario)	7	7,000	5,430	7,000	7,000	7,000
Wine & Grape (Ontario)	4	500	500	250	-	-
Beekeepers Financial Assistance (Ontario)	4	226	226	-	-	-
Other (fee revenue)	8	762	707	765	765	765
Total Funding		**42,146**	**40,053**	**41,637**	**41,387**	**41,387**
Funding (Deficit)	9	-	-	-	-	-
Strategic Investments						
Production Insurance System Replacement	10		**100**	**3,252**	**3,252**	**2,984**

* Original budget adjusted for additional funding as a result of additional work required on new or adjusted programs.

** Forecast based on 9 months of actual expenses (April-Dec) and best estimate for the remaining 3 months.

Notes for expenses and funding

1. AgriStability costs are expected to remain comparable to 2015-16 levels.
2. Production Insurance costs are expected to remain comparable to 2015-16.
3. RMP administrative budget is $7.0 million per year. RMP costs are expected to remain comparable to 2015-16 levels, with additional funding of up to $2.0 million per year available for future years to cover increased costs in the event of significant changes in transactional volume or major program changes.
4. All Other includes Farm Business Registration (FBR), Grain Financial Protection Program (GFPP), Wine & Grape programs (MVIP/VQA Wine Support Program), and the Beekeepers Financial Assistance Program (BFAP).

   For FBR, future years assume normal transactional costs with no major changes to the program. Wine & Grape program costs for 2015-16 include development costs, which have been excluded in future years as these programs were operationalized in 2015-16. BFAP ends in 2015-16, and a bee mortality plan has been added to the Production Insurance program. The 2015-16 forecast assumes receipt of total funding for BFAP of $226,000.
5. Federal funding is determined as 60 per cent of AgriStability and Production Insurance.
6. Future provincial funding is based on 2015-16 approved spending envelope.
7. RMP funding is fully provincial and equal to expenses incurred.
8. Other represents fee revenue for programs and services such as FBR, GFPP and financial analysis for the Dairy Farmers of Ontario.
9. Overall, 2015-16 forecasted administrative expenses are in line with budget, but we are seeing some pressure on a program level.
10. The Production Insurance system replacement project assumes a 60:40 federal-provincial split. Total budget of $9.6 million has been shared with the ministry, but we also expect a shift between years. Funding has not yet been approved. The forecast assumes $100,000 of effort in 2015-16 related to procurement activity.

Capital plan

Costs for general capital expenditures are incorporated into the overall financial table and are not represented by a specific line item. Other than ongoing computer maintenance, there are minimal capital costs incurred by Agricorp.

Leased vehicle fleet
Each year, Agricorp replaces five to seven vehicles in its leased vehicle fleet.

Leasehold improvements
Agricorp has no major leasehold improvements planned.

IT Renewal Plan
Agricorp is seeking investment from the provincial and federal governments for phase two of its IT Renewal Plan, the replacement of Production Insurance administrative systems. Costs for this work, as developed for the business case, are estimated at $3.3 million, $3.3 million and $3.0 million in each of the next three years. A portion of this will be capital costs. Approval of the business case is pending OMAFRA and Agriculture and Agri-Food Canada review.

Financial resource risks

In 2015-16, Agricorp's provincial base funding allocation decreased by three per cent from 2014-15. This decrease impacted provincially funded programs (GFPP and FBR) and federal-provincial programs (Production Insurance and AgriStability). The three per cent reduction in provincial funding for Production Insurance and AgriStability resulted in an additional 4.5 per cent reduction in federal funding.

To date, Agricorp has found efficiencies through the creation of more streamlined processes, lowered administrative costs, better use of technology, and ongoing cost avoidance and cost reduction strategies. These efficiencies and cost savings have enabled the agency to stay within its funding allocation while continuing to deliver programs and services that meet the needs of government and industry. The continuous improvement approach for all programs and services will continue.

Agricorp will continue to look for cost savings in 2016-17 and future fiscal years to offset increases in costs due to inflation. The agency is adjusting its delivery model and resource allocation to ensure that program delivery remains aligned to its funding allocation and the delivery needs of government and producers. Agricorp has significantly constrained non-payroll related costs and will continue with careful vacancy management to stay within the approved funding.

In order to improve efficiencies, Agricorp had adopted a functional delivery model. This approach allows for a faster and more efficient deployment of resources to the area or program that has the highest priority or operational need. It also provides for a more efficient use of employee resources.

Agricorp's current funding model is a mix of program-specific funding (e.g., RMP and MVIP) and pooled program funding (e.g., AgriStability and Production Insurance). The recent shift from a pooled funding model to a mixed funding model of program-specific and pooled administrative funds is constraining the benefits of the functional delivery model. While it is understood that the agency needs to continue to meet program accountability and transparency requirements, pooling all provincial administrative funding would help the agency be more efficient and responsive.

As the delivery agent of agricultural business risk management programs in Ontario, Agricorp works with government and industry groups to keep programs relevant to the changing needs of the agricultural sector. For programs like Production Insurance, this means adjusting and enhancing existing crop plans and, at times, adding new ones. The addition of a new plan increases ongoing administrative costs for the Production Insurance program. In recent years the additional administrative costs for new plans that are similar to existing plans have been off-set by delivery efficiency improvements, and no additional administrative funding has been required. Examples of this type of new plan are plans for ginseng and flax.

Recent changes in provincial legislation enable Agricorp to offer insurance for agricultural products for which it has not previously provided insurance. In 2015, Agricorp began to offer insurance for bees, which covers colony losses caused by insured perils during the winter. Since this type of insurance product is different from existing plans, the new administrative costs are greater than those incurred by the addition of plans like ginseng or flax. These new costs will put additional pressure on the already constrained funding for the Production Insurance program.

Information technology resources

To successfully deliver programs and services, Agricorp needs to collect, store, process, and provide secure access to customer, financial, and program information. Therefore, Agricorp's information technology resources and infrastructure must effectively support business processes that deliver programs.

Agricorp's IT infrastructure is managed in-house and encompasses a wide range of hardware and software components, including eight program delivery systems ranging from a mainframe to client-server to web-based applications. There is also a financial and human resources system. The agency manages informational and transactional websites for both staff and customers and communication infrastructure (email, telephony) for the call centre and regular business use. A network of hardware and software infrastructure connects staff at three office locations and home offices across the province.

With several information technology systems, multiple office locations and a network of staff across the province, Agricorp has processes in place to maintain the security of both customer and program information. This includes training on procedures relating to confidentiality, disclosure of information and online security for all staff. Agricorp limits access to sensitive customer information and has an independent third-party complete an annual security scan which includes intrusion testing.

With several IT systems on outdated platforms, some key business requirements were not being met, such as the ability to link information between programs and to provide customers with integrated web services. With the support of OMAFRA and Agriculture and Agri-Food Canada, Agricorp developed a five-phase IT Renewal Plan. Recognizing the constrained fiscal environment, Agricorp requested and received funding for phase one, Common Foundations.

From 2012 to 2014, Agricorp developed common customer and accounting data components for use by all program systems. The benefits of this work are being realized. The common customer database is instrumental for implementing cross-program participation requirements. Common accounting was used to implement new debt recovery practices. As well, customers now have access to much of their program information and can conduct business with Agricorp through a secure website. The agency is leveraging these common IT components to deliver new programs and implement additional delivery efficiencies.

Agricorp still uses multiple program-specific IT systems to deliver business risk management programs. With a comprehensive system maintenance plan, the systems are stable but lack the required functionality for further cost-effective improvements to program delivery and customer service. With hardware support for the mainframe computer system due to expire in 2017, maintenance costs and risks will increase. To proactively mitigate these risks in the short-term, Agricorp is seeking mainframe hosting services commencing in 2016.

To mitigate the long-term risks of administering the Production Insurance program on an obsolete platform and the corresponding risk of availability of resources with the knowledge and skills in this obsolete technology, Agricorp has been proactive in planning to replace its Production Insurance administrative system. In collaboration with OMAFRA, Agricorp has developed a business case for the replacement of its mainframe computer, the core IT system used to administer the Production Insurance program. An investment from the provincial and federal governments of $9.6 million over three years is needed to proceed with this next phase of the IT Renewal Plan.

Replacing the mainframe computer is a priority, as Production Insurance is a cornerstone, long-term business risk management program. The current IT system does not meet the Ontario government's IT architecture standards, and with vendor support ending within two years,

maintenance costs will increase. Replacing the mainframe computer with a more cost-effective, web-based system will enable the agency to implement more efficient business processes, incrementally reduce delivery costs and more effectively respond to government and industry needs. Investment in a new Production Insurance administrative system will enable Agricorp to better serve government and industry, today and in the future.

Human resources

Having committed and high-performing staff is essential to the agency's success. Agricorp continues to create and sustain an environment that attracts, retains, motivates, and deploys talent who can respond quickly to evolving business needs. These efforts will provide Agricorp with:

- A professional, knowledgeable and customer-focused workforce that allows Agricorp to respond to changing needs and business opportunities
- Staff who are accountable for their work and who make timely and prudent decisions to improve operational effectiveness
- A workforce that executes day-to-day and business objectives effectively, efficiently and with high quality.

Staff numbers

Agricorp is a performance-driven organization with an annual business plan, performance measures and individual performance plans that are reviewed annually with all staff. At January 31, 2016, Agricorp employed 368 full-time equivalents (FTEs). These are made up of 336 permanent FTEs and 32 contract FTEs, to support the cyclical trends of delivering programs. The agency tracks current and approved positions, contracts and seasonal FTEs against current business needs, funding amounts and prior years' FTEs, to ensure the appropriate balance is achieved.

In 2013-14, the agency reduced its number of FTEs from approximately 449 to 400, to align staffing levels with program and service delivery needs, business priorities, and the fiscal constraints of its funding allocation. The reduced number of FTEs in 2014-15 and 2015-16 enabled savings that were leveraged to improve business processes. More efficient business processes enabled Agricorp to sustain program delivery with a reduced number of FTEs.

To manage with the reduced number of people, some work has been eliminated through changes in work processes and in how programs are administrated (e.g., AgriStability), as well as the reorganization and streamlining of some functions. This reduced staffing level is limiting Agricorp's ability to respond to emerging government and industry needs without negatively impacting the delivery of existing programs and services. However, Agricorp is working to maintain existing customer service levels and processing targets.

Human resource risks

Approximately 80 percent of Agricorp's operating expenses can be attributed to staffing requirements to effectively operate the agency. Agricorp's compensation strategy is conservative, but must stay competitive to attract, develop and retain talented people while reflecting the financial prudence appropriate for a public entity. Agricorp's compensation structure is intended to be fiscally prudent, fair and competitive, being anchored to the 50th percentile of the market and compliant with the provincial government's public sector compensation framework.

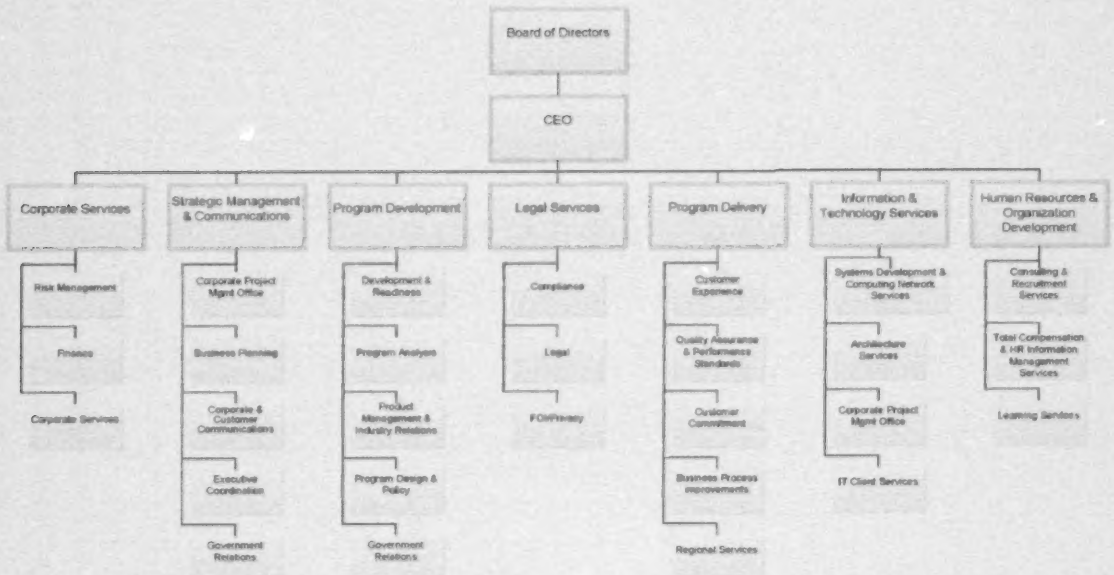
With compensation structures unchanged since 2007, the agency's compensation, which was benchmarked in 2015, has been in the lower quadrant of the 50th percentile since 2012. This,

combined with limits on Ontario public sector compensation, presents risk to attract and retain talented people. Although the degree of risk varies throughout the organization, it is most prevalent in technically skilled roles.

While annual employee engagement levels in the area of compensation have trended downward for several years, attrition levels remain steady and below public sector norms. Opportunity for career progression and internal advancement have increased, helping to mitigate some of the risk associated with restrained compensation.

Agricorp is working to reduce this risk in several ways. These include providing employees with training and development opportunities and job tiering to enable career path development and matching of skills to position requirements. There is ongoing work to keep staff informed of all the benefits of employment at Agricorp through a "Know the Value" communication effort. Staff are also kept informed of the expectations and legislative requirements that the provincial government has of Agricorp.

Agricorp's organizational structure



Risk assessment and management plan

Agricorp takes a comprehensive approach to identifying risks, assessing exposures and opportunities, and developing appropriate action plans so that risks are managed in a way that enables the agency to meet its objectives. The agency has processes and structures in place to implement its Risk Management Framework. Implementation requires engagement from its board of directors, Agricorp management and staff, and OMAFRA.

The Finance and Audit Committee (FAC) of the board of directors provides oversight and monitoring of the Risk Management Framework. The committee is responsible for assessing whether risk acceptance and control decisions made throughout the organization are appropriate, reviewing and approving the agency's risk management plan and audit plans, receiving and reviewing audit reports, and reviewing how management responds to and acts on audit recommendations.

Agricorp's Enterprise Risk Assessment Committee (ERAC), a sub-committee of the senior management team, coordinates audit activities with the federal and provincial governments and through Agricorp's own internal audit program. It is responsible to develop and recommend a three-year rolling audit plan and a risk management plan to FAC annually. ERAC's mandate is to foster a risk-based approach to the delivery of programs and services and the management of risk reviews, audit plans and audit activity.

The agency has a well-established risk assessment program that includes a suite of scheduled internal and external audits to ensure compliance with legislative and program agreements. The risk assessment program is reviewed and monitored regularly to ensure all levels of organizational risk are identified and have proper controls in place to mitigate them.

Agricorp has also developed, and continues to monitor and enhance, risk management plans, policies, and practices. Its board of directors and management have prepared and implemented a series of robust risk management strategies that monitor ongoing program delivery, workforce, communication, financial, and reputational risks, as well as the organization's business objectives.

In collaboration with OMAFRA, Agricorp annually develops a Risk Assessment and Management Plan. The table in Appendix C: Risk assessment results – strategic risks includes the strategic risks that were identified through a consultative process, along with the actions Agricorp would undertake to reduce, mitigate and fully understand these risks.

The Risk Assessment and Management Plan is an integral part of the accountability mechanisms in place between Agricorp and OMAFRA. The plan is developed early in Agricorp's planning cycle, as it is used to inform the development of the agency's business plan and OMAFRA's planning process. Throughout the year Agricorp monitors and reports on these risks to its board of directors and to OMAFRA.

Appendix A: Communication of the business plan

Background

By identifying critical issues and priorities, and by establishing short and long-term goals, the business plan sets the overall direction for the agency and maps out its future. Based on the plan, Agricorp develops annual operational plans, which segment the strategy into achievable activities and projects for the year. All of the agency's work must tie into the operational plan and, by association, the business plan.

Agricorp's 2016-19 business plan continues the course set for the agency more than a year ago. The state of the industry, government priorities, relevant policy, the social and environmental context, as well as Agricorp's own measurements such as the annual customer satisfaction survey and employee engagement survey, all help inform the business plan.

Objectives

- To ensure Agricorp staff understand the 2016-19 business plan, why these priorities were identified, and how their work contributes to accomplishing the goals.
- To ensure government and industry understand the 2016-19 business plan and how it aligns with and supports government and industry priorities.
- To demonstrate Agricorp's commitment to transparency and public accountability with government and industry by highlighting the importance of not only what we do but how we go about doing it through Agricorp's strategic direction.
- To support the successful delivery of key initiatives contained in the 2016-19 business plan.

Key messages

- Agricorp's business plan sets the overall direction for the organization and maps out its future. It directs the priorities in Agricorp's one-year operational plans, which segment the overarching strategy into achievable activities and projects for the next year.
- Agricorp's business plan aligns with and supports industry and government priorities for a competitive, productive and sustainable agri-business sector.
- The 2016-19 business plan sets the performance measures and targets against which the board of directors evaluates Agricorp's work at the end of every year.

Tactics

- Through regular and on-going discussions, inform government and industry of Agricorp's 2016-19 business plan and progress made towards realizing its strategic direction.
- Leverage existing internal communication strategies and channels to inform and educate Agricorp staff about the business plan.

Appendix B: Programs and services

Programs – Current business risk management programs delivered on behalf of the Ontario government.

Program name	Program description	Length of service	Funding source for claims	Funding source for admin. costs	Program information
Production Insurance	Production Insurance is a business risk management program that compensates Ontario producers for yield reductions and production losses due to insured perils such as drought, floods and frost. Payments are triggered when the total harvested yield is less than the guaranteed production. There are 77 Production Insurance plans covering 100 commodities.	1997 to present	Insurance fund is funded by premiums (producers pay 40%, provincial government 24%, and federal government 36%)	Government: provincial (40%), federal (60%)	**2015 crop year**[1] 14,264 enrolled, with 5.0 million acres and $3.0 billion in liability 8,091 payments for $86.8 million
AgriStability	AgriStability is a business risk management program that compensates producers when they have large declines in their net farming income due to market conditions, production loss or increased costs of production. The program is available to producers of all agricultural commodities. Payments are triggered if a producer's program year margin falls below 70 per cent of their average historical reference margin.	2004 to present	Producer fees with the balance from government (provincial 40%, federal 60%)	Producer fees with the balance from government (provincial 40%, federal 60%)	**2014 program**[1] 16,376 enrolled 1,267 producers received more than $30.0 million in payments

[1] As of January 31, 2016

Program name	Program description	Length of service	Funding source for claims	Funding source for admin. costs	Program information
Risk Management Program	**RMP: Grains and Oilseeds** Helps producers of grains and oilseeds offset losses caused by low commodity prices and rising production costs. Producers pay an annual premium, and payments are made if the crop's market price falls below the annual support level. The support level is based on the industry average cost of producing a crop.	2007 to present	Provincial government and producer premiums	Provincial government	**2014 program** 5,573 enrolled $59.3 million in pre-harvest and post-harvest payments
	RMP for livestock Helps producers of cattle, hogs, sheep and veal offset losses caused by low commodity prices and fluctuating production costs. Producers pay premiums based on their insured production and chosen coverage level. Payments are made if the market prices for enrolled livestock fall below the support level.	2011 to present	Provincial government and producer premiums	Provincial government	**2014 program** 2,087 enrolled $11.3 million in payments
	SDRM: Edible Horticulture Producers of an edible horticulture crop can help mitigate farm business risk by establishing a self-directed risk management account with Agricorp. Producers deposit a percentage of their allowable net sales and request a matching government contribution. Funds may be withdrawn to cover a reduction in income, or other farm-related expenses or losses.	2004 to 2008 and 2011 to present	Producer deposits and provincial government matching funds	Provincial government	**2014 program** 1,984 enrolled $23.4 million in matching government funds

Program name	Program description	Length of service	Funding source for claims	Funding source for admin. costs	Program information
Farm Business Registration	Farm businesses that gross $7,000 or more in farm income are required to register their business with Agricorp, pay a registration fee, and choose a farm organization they wish to join. In addition to managing the collection and disbursement of registration fees, Agricorp collects farm product data which OMAFRA uses for the Farm Property Class Tax Rate Program and for policy analysis and program development purposes.	2000 to present	n/a	Producer fees and provincial government.	**2015 program** 43,672 farm businesses registered
Grain Financial Protection Program	The program protects the financial interests of Ontario producers of grain corn, soybeans, canola, and wheat who sell their grain to licensed dealers or who store their grain at licensed elevators. Agricorp performs annual financial analysis of dealers and inspects dealer premises and elevators to ensure compliance with the *Grains Act*.	1997 to present	Four trust funds are funded by producer check-off fees	Elevator and dealer fees, provincial government, and Grain Financial Protection Board	**2014-15** 245 dealers and 300 elevator operators $2.9 billion in grain sales covered by the program.
Marketing and Vineyard Improvement Program	The program provides grape growers with funds to help with the costs of improvements to their production of wine grapes. Participants can receive up to 35 per cent of their improvement expenses. Applications are accepted on a first-come, first-served basis within an established intake period. All improvement work must be completed within a defined timeframe.	2015 to present	Provincial government	Provincial government	**2015-16** 60 improvement projects enrolled

Program name	Program description	Length of service	Funding source for claims	Funding source for admin. costs	Program information
Vintners Quality Alliance Wine Support Program	The program will run for 2015-16 and 2016-17 and is part of the Ontario government's five-year renewed Wine and Grape Strategy to help increase the sale of Ontario wines in and out of province and enhance the marketing of Ontario wine regions as tourist destinations. The program provides grants to help wineries invest in growing their VQA wine business, including export and tourism development activities.	2015 to present	Provincial government	Provincial government	**2015-16** 88 enrolled, with payments totaling $7.0 million

Ad hoc programs – Current initiatives delivered by Agricorp on behalf of the Ontario government that are designed to address a specific, often one-time event or circumstance affecting Ontario producers.

Program name	Program description	Length of service	Funding source for claims	Funding source for admin. costs	Program information
Beekeepers Financial Assistance Program	Provides one-time financial assistance to compensate eligible Ontario beekeepers that experience unusually high bee deaths (more than 40 per cent of hives). The program is being delivered by Agricorp similar to a traditional Production Insurance plan, including deductible, named perils and claims based on covered losses. The program was extended into 2015.	2014 to present	Provincial government	Provincial government	**2014 program** 67,684 hives enrolled, with payments totalling $3.2 million

Services – Unique or specialized third-party services provided to government or industry.

Agricorp provides services to industry and commodity groups to support and enable an innovative, competitive, productive and sustainable agri-food sector. Many of these services also support the successful delivery of government programs and are therefore of benefit to the industry group, Agricorp and the provincial government. For each service provided, Agricorp has an agreement in place that outlines the roles and responsibilities of both parties.

Service	Agricorp's role	Length of service	Administrative funding source
Data management services	Manage a web-based agricultural data system that supports the information needs of industry and the delivery of business risk management programs. The system captures detailed land and cropping information such as location, variety, yield and quality from fruit and vegetable producers. Data is collected once and used by Agricorp, producers and commodity groups who represent the producers.	2005 to present	Grape Growers of Ontario Ontario Apple Growers Ontario Tender Fruit Producers Marketing Board
Financial Services and Communication Support	Provide payment management, customer service, communications and reporting services to the Farmer's Risk Management Premium Fund (FRMPF). Producers who participate in RMP plans for grains, oilseeds and livestock pay premiums held in the FRMPF. The industry-managed fund holds the premiums and can supplement program payments in years when producers need it most.	2014 to present	Farmer's Risk Management Premium Fund
Financial analysis	Analyze the financial statements of Ontario's 51 dairy processing plants and collect data and risk scoring for the Dairy Farmers of Ontario.	2002 to present	Dairy Farmers of Ontario
Secretariat services	Provide governance, secretariat and financial support services for the Grain Financial Protection Board.	1999 to present	Grain Financial Protection Board
	Provide secretariat support for the Business Risk Management Review Committee, including scheduling panel meetings and hearings, managing freedom of information requests, and providing French language and communication services. Prior to 2013, service was provided to the Ontario AgriStability Review Committee and the National CAIS Committee–Ontario sub-committee.	2004 to present	Federal and provincial governments

Service	Agricorp's role	Length of service	Administrative funding source
Verification and mapping services	Collect agronomic information, acreage verification, mapping services and compliance for the Alternative Land Use Services program, which compensates producers for removing environmentally sensitive land from agricultural production.	2009 to present	Delta Waterfowl Foundation
	Measure and map ginseng acres on behalf of Ontario Ginseng Growers Association.	2012 to present	Ontario Ginseng Growers Association

Appendix C: Risk assessment results – strategic risks

Risk	**Fiscal constraint** Risk that the current fiscal climate will continue to see flat or reduced funding and that program funding agreements will limit Agricorp's flexibility to deliver programs to current standards. Furthermore, Agricorp's capacity to deliver new or existing programs or to retain and recruit the needed skills and experience could be compromised in the current fiscal environment.
Rationale	Governments are operating in an environment of fiscal constraint. Continued fiscal constraint has resulted in: • Agricorp's funding being reduced or flat with no increases for inflation, yet the agency faces increased costs. • Program-specific administrative funding (e.g., Risk Management Program (RMP)) limiting Agricorp's ability to reallocate resources between programs to manage emerging priorities. • Limits on public sector compensation challenge Agricorp's ability to attract and retain employees at the medium and high skill level. • Operating at reduced capacity due to recent cost reduction initiatives. Agricorp has completed an efficiency review of AgriStability and RMP delivery and is now implementing process changes to reduce costs. A review of the delivery of the Production Insurance program will be completed in fiscal 2015-16. In light of the above issues, responding to new requests in a timely fashion would require resources to be drawn away from the delivery of existing programs. This could have a direct and negative impact on our ability to deliver programs to current standards. This could negatively impact the reputation of Agricorp and government. KPMG concluded that Agricorp is performing similar to or better than its comparators for all indicators measured. Overall, Agricorp is balancing efficiency with effectiveness well to provide value for money relative to other agriculture business risk management organizations.
Risk mitigation activities	**Reduce** Agricorp continues to work collaboratively with government to determine the balance between available funding, delivery costs and customer service levels. Operational planning is conducted to provide clear direction and performance measures based on available funding. Agricorp is continually looking at ways to find efficiencies and reduce costs (e.g., service contracts, facility lease costs, telephony system and insurance). Agricorp is engaged with OMAFRA early in the design and development of new and ad hoc programs. Agricorp leverages existing infrastructure and processes to implement new or ad hoc programs. Agricorp contracts with an external compensation consultant to analyze information and determine competitiveness. Agricorp has launched an internal communication and awareness strategy that

	describes the total value proposition of Agricorp's compensation program to enhance and sustain Agricorp's ability to retain and motivate the talent required to achieve organizational goals.

Risk	**Workforce readiness** Risk of being unable to plan, build and maintain a trained, skilled and knowledgeable workforce to meet the emerging needs of the business.
Rationale	The agriculture industry is dynamic, and its needs are constantly changing. In order to maintain a responsive workforce, Agricorp needs to ensure an appropriately trained and skilled workforce remains in place. The current reduced operating capacity at the agency and the current fiscal environment will challenge the achievement of this. Job summaries have been developed for most positions at Agricorp. They outline the skills and accountabilities of each position. Individual Development Plans are in place for many positions. These plans outline how to close any gaps in the skills required to perform the requirements of the position.
Risk mitigation activities	**Reduce** Work has begun develop succession plans for specific positions in Agricorp. Succession plans for emergency business continuity have been developed, and succession plans for key staff (e.g., single incumbent roles) are in progress. Agricorp has a learning program in place for managers to develop leadership and management skills. Agricorp develops employees to prepare for internal career advancement by incorporating: • Ongoing employee training and development, including the development of a program learning strategy to ensure staff have the necessary knowledge and skills. • Competency-based talent management, to enable career path development and targeted learning.

Risk	**Stakeholder and customer confidence** Risk of decreased stakeholder and/or customer confidence and satisfaction due to: • Program policy objectives not meeting customer expectations of business risk management • Not proactively managing media relations and issues • Public challenges to Agricorp decisions (e.g., actions related to debt recoveries, appeals to BRMRC/AFRAAT).
Rationale	Recent customer satisfaction surveys have consistently shown that customers are satisfied with Agricorp's delivery of programs and services. They are generally satisfied with Production Insurance, but are less satisfied with AgriStability and RMP. Policy changes to programs by government could result in dissatisfaction directed at Agricorp. Any large scale dissatisfaction by customers or stakeholders could be expressed in the media. Established processes and protocols are in place to manage traditional media effectively. However, Agricorp is not active in social media, nor does it have a corporate presence or established processes to manage social media. There continue to be challenges of program decisions (e.g., debt recoveries, non-binding nature of BRMRC decisions). Some customers have sought legal counsel, and it is expected that legal challenges and judicial reviews will continue.
Risk mitigation activities	**Reduce** Agricorp will continue to collaborate with OMAFRA in the development of all new programs and program policies. Direct communication with customers and stakeholders is maintained through events, conferences, commodity group meetings, etc. Agricorp provides customers with comprehensive producer education materials to further explain how programs work. Agricorp develops and implements communications plans to explain program changes to customers and stakeholders. Agricorp limits the likelihood of legal challenges by having well documented and consistent processes and training staff on these processes. Legal Services reviews and signs off on contracts and program agreements. Legal Services provides advice on interpretation and application of the Production Insurance contract, program requirements, claims determinations and related activities (e.g., appeals, debt recovery). Legal Services provides advice on statutory and regulatory obligations and on government directives and policies applicable to Agricorp. Agricorp continues to work with OMAFRA and MOF to review and assess future requirements for debt recovery. Agricorp has processes in place to meet the needs of the debt recovery protocol and has processes in place for the recovery of outstanding debt through off-sets

	and repayment plans. Clear communications materials have been developed to inform customers of the recovery protocol. Agricorp conducts ongoing media monitoring and identifies and escalates emerging issues where necessary. A formal media relations policy is in place to provide guidelines for staff interactions with media. Social media is monitored on an ongoing basis, and Agricorp is investigating the use of social media as a communications tool.

Risk	**Compliance** Risk of financial loss, legal sanctions or other impacts caused by a breach of statutes, code of conduct, government directives, contracts or agreements, conflicts of interest, or other inappropriate activity.
Rationale	There is considerable scrutiny by the public on governments and their agencies to be (and be seen to be) in compliance with applicable statues and directives, and to operate in a fiscally prudent manner. A tighter fiscal climate and increased awareness by the media and the public of agency requirements increase the potential impact of this risk if realized.
Risk mitigation activities	**Reduce** Delegation of authority for corporate expenditures is in place and is reviewed at least annually. Agricorp has a Conflict of Interest policy in place that is in line with legislative requirements. All employees are required, on an annual basis, to review, sign and formally declare any conflict of interest as outlined in the policy, and to indicate their understanding and agreement to comply with the policy. Agricorp has engaged significant resources to ensure adherence to code of ethics, conflict of interest and code of conduct policies and government directives and legislation. Agricorp works to ensure that staff within the organization are knowledgeable of statutes and regulations and are compliant with all necessary policies, acts and agreements that impact programs delivered by Agricorp (e.g., operational document for Production Insurance and those related to internal management). Agricorp reports to OMAFRA on compliance with directives, including maintaining transparency on compliance requirements that may not be achievable, and will provide attestation as required. Agricorp works closely with OMAFRA to ensure changes to directives are communicated to Agricorp on a timely basis for implementation. Agricorp has a dedicated Compliance Officer on staff. Agricorp has developed and implemented compliance oversight mechanisms (compliance matrix). Agricorp has a well-defined internal audit function that is used to verify compliance in areas of potential risk. Agricorp has a procurement policy and processes in place that meet the requirement of applicable government directives.

Risk	**Security of customer information** Risk of inadvertently releasing confidential customer data through any delivery channel or of having Agricorp's information technology systems compromised by unauthorized access.
Rationale	Sensitive customer information is shared through day-to-day operations (e.g., electronic, paper, phone). While processes are in place to ensure the right customers receive the right documents or communications, some processes are manual. Implementation of new online features for customers may increase the risk of releasing confidential information. In addition, the increased sophistication of cyber-attacks increases this risk.
Risk mitigation activities	**Reduce** Agricorp has implemented mandatory online security awareness training for all employees. Agricorp has defined security standards which include all forms of internal and external documentation. Office doors are secured so that only authorized individuals have access. Computers automatically lock after a few minutes of inactivity. Agricorp trains staff on procedures relating to the disclosure of information and confidentiality. At an enterprise level, Agricorp has adopted an industry-recognized security framework (ISO 17799), with wide ranging security controls and guidelines. Agricorp has completed a security review of systems and is currently undergoing a phased assessment of security standards. In 2015, Agricorp introduced an additional annual external security scan conducted by an independent third party, with reporting to the board of directors. The scan included authorized and unauthorized user intrusion testing for online services (e.g., web portal) and concluded there was no immediate threat exposing customer data. Agricorp also limits the access to sensitive customer information to only those staff where it is necessary.

Risk	**Production Insurance administrative systems replacement** Risk of realizing escalating maintenance and operating costs, lack of technical support and experienced staff if the existing legacy system is not replaced in the near term.
Rationale	While discussions between AAFC, OMAFRA, and Agricorp have been positive, formal approval of funding to replace the dated, legacy Production Insurance administrative systems has not yet occurred. If the Production Insurance administrative systems are not replaced, support costs will increase and system limitations will impede the implementation of new business processes. It is increasingly difficult to find staff with the required skills to maintain the legacy system and to conduct appropriate planning and implementation.
Risk mitigation activities	**Reduce** Agricorp has worked collaboratively with OMAFRA on preparing the business case to secure the funding for Production Insurance administrative systems replacement. Next steps are as follows: • Prepare and post a request for proposal (RFP) • Select a vendor based on a review of submissions by the selection committee • Create a project charter for implementation • Conduct a third-party review of the project charter and a cost comparison to the business case, followed by a "go/no-go" decision. If the funding is not approved, plans would be put into place to maintain the current delivery system while reducing risks related to hardware and software. • Additional costs may have to be approved to maintain older hardware. • Enhancements to existing Production Insurance plans would take more time and be more costly • Agricorp would face increased costs to adapt new Production Insurance plans or new programs as they are implemented.